



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }  
O. W. CHILDS ESTATE CO. }

Appearances:

For Appellant: A. W. Redman, Vice President of said  
corporation  
For Respondent: Chas. J. McColgan, Franchise Tax Commis-  
sioner

O P I N I O N

This is an appeal pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chapter 13, Statutes of 1929) from the action of Albert A. Manship, Franchise Tax Commissioner in overruling the protest of the Appellant to his proposed assessment of an additional tax based upon its return for the year ended December 31, 1929. It appears that the amount under dispute on appeal is the result of the inclusion by the Commissioner as taxable of 20.18% of the dividends received by the taxpayer from Union Oil Associates upon the theory that these dividends arose from business done outside of California.

In our opinion in the matter of the Appeal of Keck Investment Company (filed December 14, 1931) we had occasion to review the facts concerning the nature of the activity of Union Oil Associates and pointed out that as a holding company this corporation had made a return to the Commissioner covering the period in question. It further appeared that the sole assets of Union Oil associates were stock in Union Oil Company of California and that 20.18% of the dividends from this stock had been reported as taxable pursuant to the finding of the Commissioner that the source of the income out of which those dividends had been paid was to that extent outside of California. For the reasons discussed in some detail in the opinion in the Keck Investment Company matter we believe that the dividends-paid by Union Oil Associates to its stockholders arose wholly out of business done in this state, viz: the holding of stock in Union Oil Company of California, Consequently, under Section 8(h) of the Act none of the dividends paid by Union Oil Associates to its corporate stockholders should be included in the taxable income of such stockholders.

O'R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the action of Albert A. Manship, Franchise Tax Commissioner, in overruling

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the protest of O. W. Childs Estate Co., a corporation, to his proposed assessment of an additional tax based upon the return of said corporation for the year ended December 31, 1929, under Chapter 13, Statutes of 1929, be and the same is hereby reversed to the end that all income received by said Appellant as dividends from Union Oil Associates be classified as nontaxable and excluded from the calculation of the tax due.

Done at Sacramento, California, this 15th day of December, 1931, by the State Board of Equalization.

Jno. C. Corbett, Chairman  
Fred E. Stewart, Member  
R. E. Collins, Member  
H. G. Cattell, Member

ATTEST:• Dixwell L. Pierce, Secretary